

OPEN MEETING AGENDA ITEM

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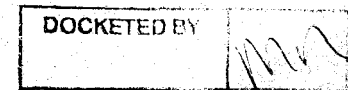
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APR -7 2010



April 7, 2010

Ms. Deborah Scott  
Arizona Public Service Company  
400 North Fifth Street  
Post Office Box 53999/MS 8695  
Phoenix, Arizona 85072-3999

**Re: Arizona Public Service Company's ("APS") Application for Modification to the Residential Distributed Energy Incentive; Docket No. E-01345A-09-0338.**

Dear Ms. Scott:

On March 31, 2010, APS filed an application for modification of its existing Residential Distributed Energy Incentive, citing unexpected demand in the residential solar energy market and requesting expedited consideration of its request.

To assist me in my deliberations, I would like APS to provide the Commission with additional information regarding the background assumptions, projections and events that led APS to the circumstance it faces, namely demand disproportionate to projected budgets.

Specifically, I would like APS to provide the following information to the Docket no later than Monday, April 12:

1. APS identified \$32.7 million in committed funding for the residential solar program for 2010. Please outline whether these project commitments reflect residential projects submitted before January 1, 2010, or whether these project commitments are solely related to the 2010 calendar year.
  - a. Please identify, on a week by week basis, the number of reservations made with APS for residential solar systems, from January 2009 to the present.
  - b. Please identify, on a week by week basis from January 2009 to the present, whether reservations were funded from 2009 or 2010 budgets.
  - c. Please identify, on a week by week basis from January 2009 to the present, what percentage of the reservations have cancelled and what has been built and funded to date.
2. Please tell the Commission the degree to which its decision not to commit RES incentive funding to the Flagstaff solar pilot project, but rather allow APS to invest funding in that pilot, will help alleviate the problem facing the residential program. Will any residential dollars previously committed to the Flagstaff project now be available?
3. Please outline the typical time intervals customers experience in getting a system installed and operational, from the initial signing of a contract with a vendor to the date APS conducts its inspection and the system goes live. Specifically, outline the time duration from receipt of a contract, to approval of a reservation, to APS inspection.

4. Please identify the time period when APS will begin taking reservations for 2011 projects.
5. Is it possible that any funding commitments APS has made during Q1-2010 may drop out? If so, are these funds considered in what APS has identified as the remaining funds available for FY2010?
6. Assuming APS attains compliance with its 2010 residential DE requirement in 2010, please estimate the additional capacity needed to attain the Company's projected 2011 requirement in MW of residential PV and number of SHW systems. Please base your estimate for 2011 on the ratio of PV to SHW systems you have experienced in Q1-2010.
7. Concerns have been raised by the solar industry regarding the ability to see in real time how much of the Company's incentive budget has been reserved. It is my recollection that this information at one time was posted by APS on its web site, but that APS has ceased that practice. While this information would likely be made a part of the forthcoming new Go Solar Arizona web site ordered by the Commission, I would like to know whether the Company can make the information available on its current web site.
8. Please state the Company's position regarding whether the Commission should consider a long-term incentive reduction plan for the Company, which would offer better transparency, comply with DE requirements, and offer better continuity throughout a calendar year.

I look forward to reviewing answers to these questions and addressing these issues at an upcoming Commission Open Meeting.

Sincerely,



Kris Mayes  
Chairman

Cc: Commissioner Gary Pierce  
Commissioner Paul Newman  
Commissioner Sandra Kennedy  
Commissioner Bob Stump  
Ernest Johnson  
Steve Olea  
Janice Alward  
Rebecca Wilder